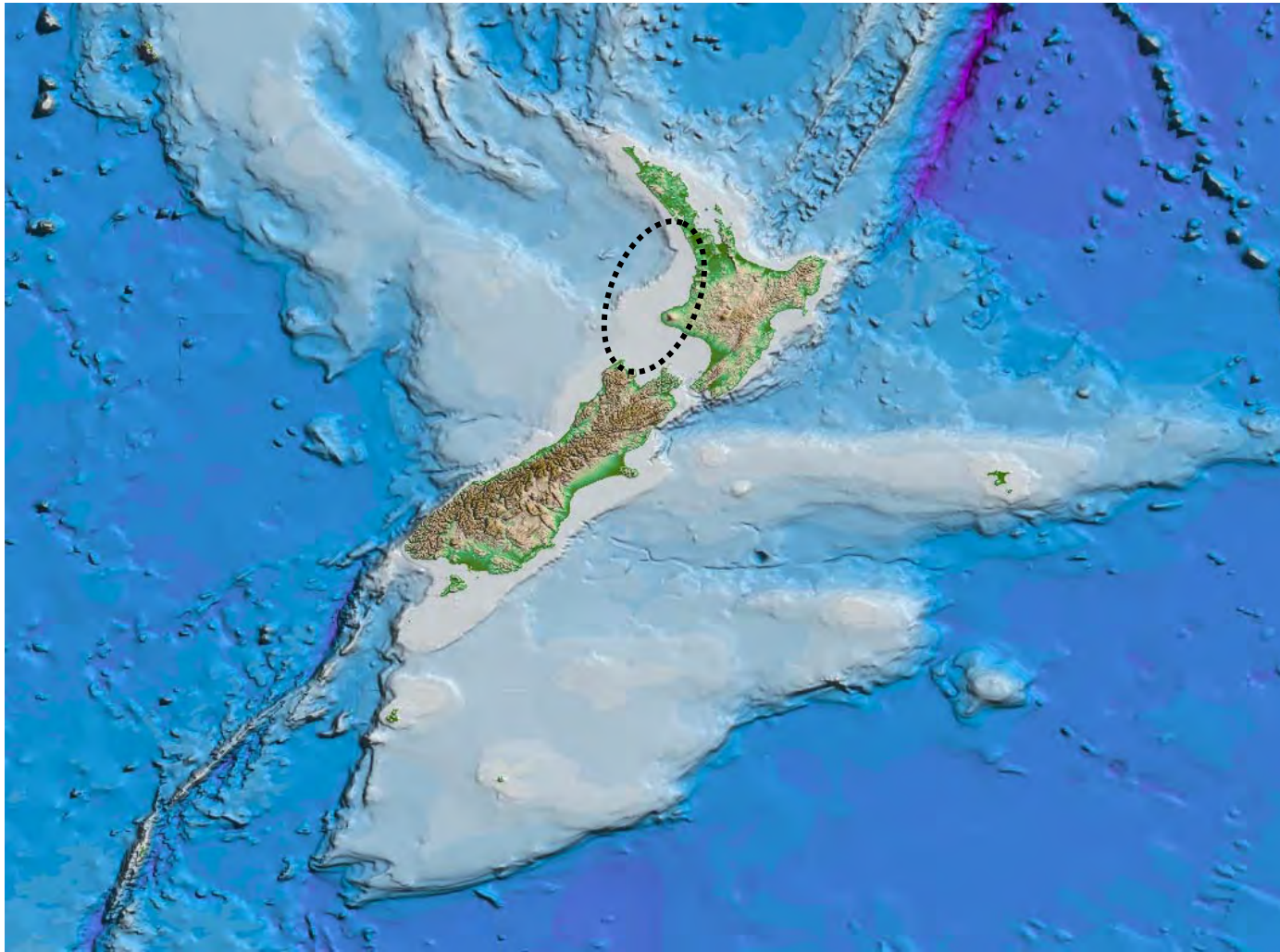




KEA PETROLEUM PLC

OilBarrel June 2010

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A pure New Zealand play, focused on the Taranaki Basin



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Kea: Corporate Team

Ian Gowrie-Smith
Chairman

David Lees
Executive
Director

History of building successful companies:

TiO2 → Medeva → SkyePharma → Tiberon → Rift Oil

David Bennett
CEO
Geologist

28 years NZ experience: prospect originator for Rift Oil and Kea

Peter Wright
Finance Director

John Bentley
Non-Executive
Corp Governance

Peter Mikkelsen
Non-Executive
Geologist

John Conolly
Non-Executive
Geologist



Business Fundamentals

Born from Rift's success

- Rift Oil plc formed in November 2004
- AIM IPO in April 2006 raised £1.13m at 5p per share
- £26.7m total funding (£22.2m post-listing, including IPO)
- Acquired by Talisman in August 2009 for £115m, 13p per share

What is the same as Rift

- Proven Rift team + area expert
- Focused area to maximise benefit from learning curve
- Value added by exploration drilling at reasonable risk and expenditure
- Good fiscal regime and licence terms

What is different from Rift (lessons learnt)

- Gas is not stranded
- Fast, low cost development
- Existing established infrastructure and commercial environment
- Rig availability

Geographic advantages of New Zealand

- Established petroleum exploration and production infrastructure
 - Favourable legislation and commercial terms
 - Sophisticated economy with stable democracy
-



Exploration Strategy

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Initial Onshore focus:

GAS:

- Exploit the historic under-exploration of gas, caused by the Maui overhang
- Tie-in the chief sufferer of Maui's decline (Methanex) to establish a secure gas market for the Beluga prospect

OIL:

- Utilise the production technology that has transformed the offshore Maari field (now NZ's largest liquids producer) to exploit the poorly understood, but locally prolific oil accumulations in the shallow Miocene formations
- The first such prospect (Wingrove) will benefit from specialised fracking (Stimfrac) techniques, followed by heated downhole equipment to overcome waxing.

Subsequent activity:

Existing permits:

- Bring on more medium depth gas-pools de-risked by new seismic and adjacent well control
- Extend the shallower oil production by similar methods

New permits: leverage from onshore Taranaki success to:

- Acquire offshore permits by application (or low promote farm-in), with initially low work commitments to add value and then farm-out the drilling
 - Extend exploration to on-trend, but under-explored basins, such as the Northland
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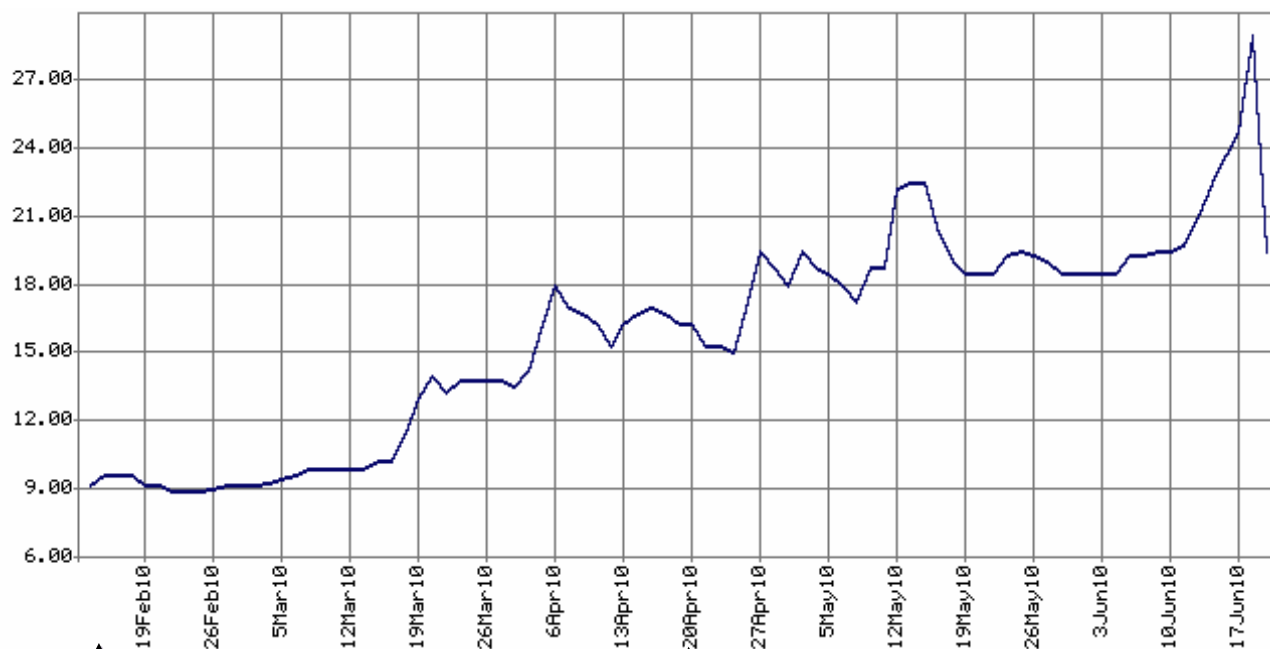


A busy 9 months

- Sept-09: Incorporation of Kea Petroleum plc
 - Nov-09: private raising of £7.2 million to purchase the assets of Kea Holdings (3 exploration licences onshore Taranaki/Northland)
 - Dec-09: application for offshore blocks PEP 52223 (Mercury Prospect) and PEP 52200 (Manta Prospect)
 - Jan-10: funding agreement of \$10 million signed with Methanex to underwrite the drilling of the Beluga prospect
 - Feb-10: IPO onto AIM and raising of £7 million at 8p/share
 - Mar-10: 53 km 2D seismic programme
 - Apr-10: drilling of Wingrove-2, suspended potential oil producer
 - May-10:
 - Tuatara farm-in (10%) signed with AWE
 - Acquisition of PEP 381204 (Felix Prospect) from Genesis
 - Application for onshore Kahili Block (gas/condensate discovery)
 - Raising of £7 million at 16p/share
 - Jun-10: completion of Beluga-1 drilling
-

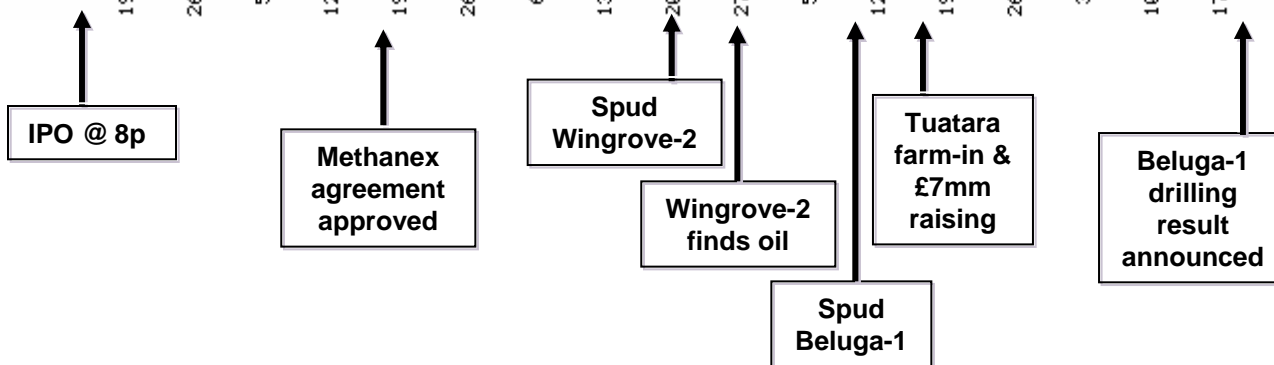


Kea: Corporate Summary



- Number of shares: ~504 million
- Current* Share Price: 18.75p
- Market Cap: £94.5 million
- Funds raised: £21 million

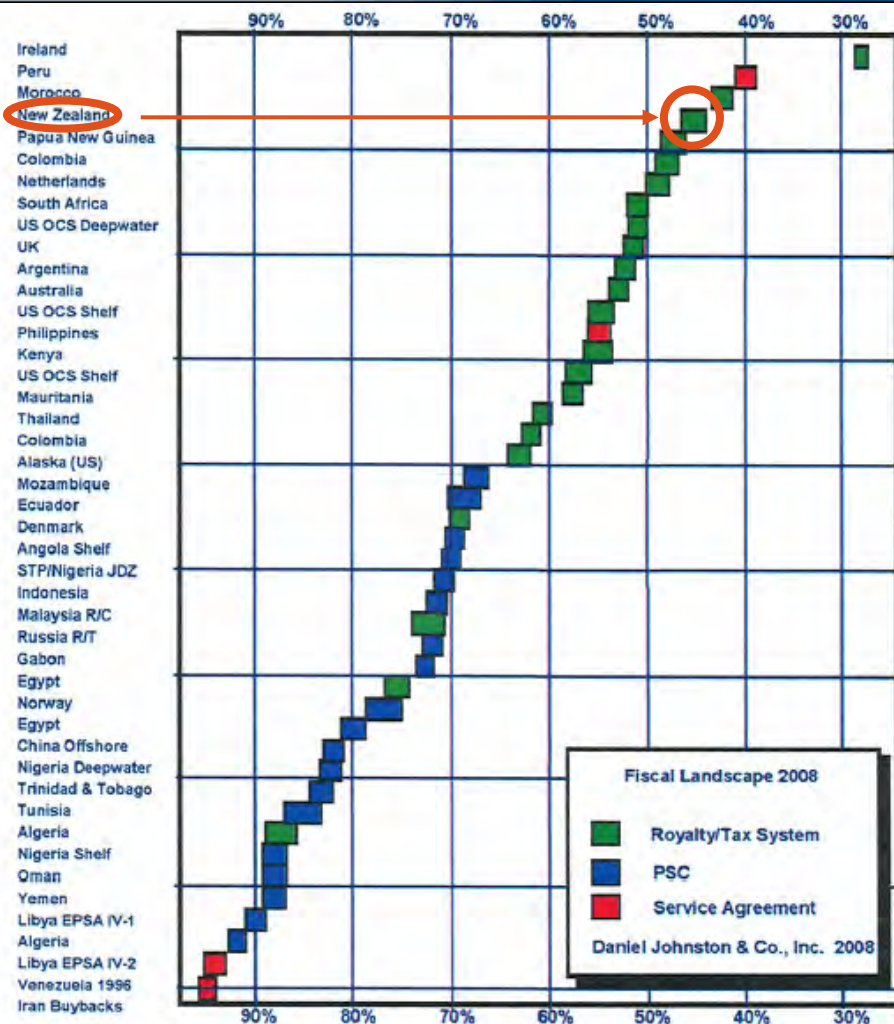
*as of 0900 hrs, 22-Jun-10





Worldwide comparison of Fiscal Terms

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- Simple Tax/Royalty regime:
- Royalty is the greater of:
 - 5% well-head (usual in early years)
 - 20% accounting profits royalty (usual in later years)
- Corporation Tax of 30%
- 100% write-off of all exploration costs within NZ
- Capex (ring-fenced) amortised straight-line over 7 years

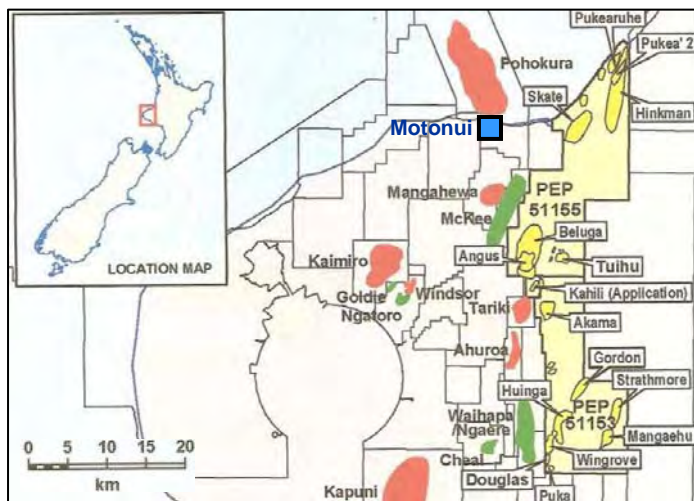


Methanex Deal

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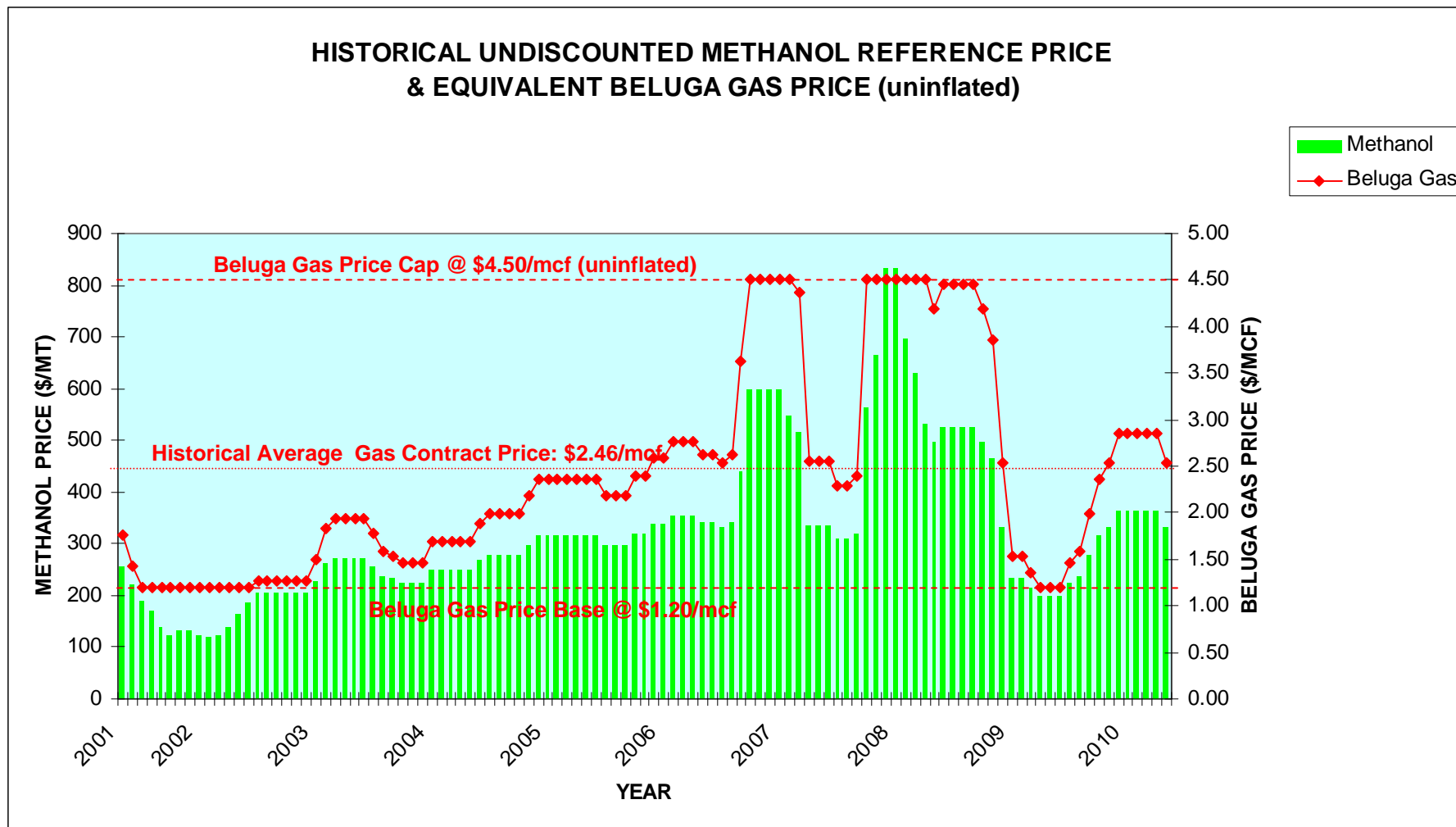


- Methanex is the world's largest supplier of methanol
- Methanex New Zealand Limited, 20kms away from Kea Petroleum's assets, is currently working at 30% capacity due to lack of gas.
- In order to secure future supplies of gas to enable their Motunui plant to function at close to capacity, Methanex has entered into a \$10 million loan agreement with Kea to fund the drilling of the Beluga-1 well.
- The loan will be sufficient to drill Beluga to the target Tariki Sst formation and to test, deepen or sidetrack as necessary.
- It will be refundable from a share of Kea's production from Beluga only.
- It will guarantee a market for Beluga gas according to a formula related to the world price of methanol, which would currently (May-10) yield \$2.53/mcf, close to the historic average over the last 10 years of \$2.46/mcf (Kea's economics have actually assumed a forward price of \$2.20/mcf).





Relationship between Methanol Price and Beluga Gas Price



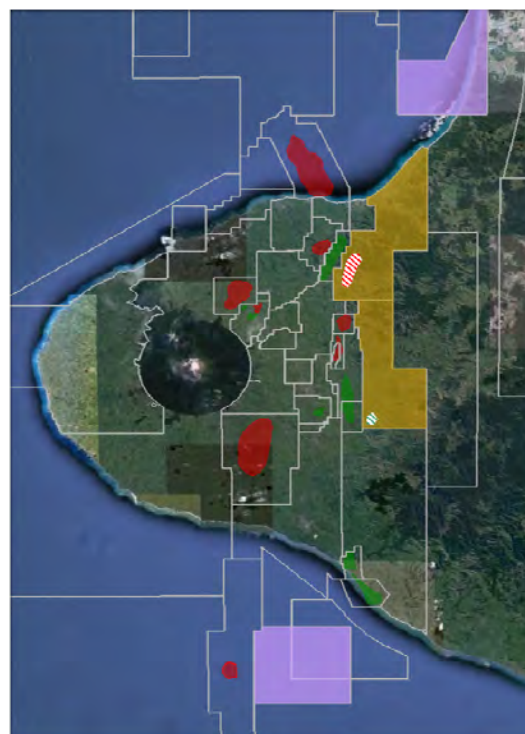


Why the Taranaki Basin?

- Kea has 100% interests in two exploration permits, totalling nearly 500 sq km, in the onshore Taranaki Basin
 - Exploration Permits in yellow (offshore applications in purple)
- A proven hydrocarbon basin of about 100,000 sq km on the west coast of the North Island
- Current ultimate reserves are ~7 TCF + 600 mmb liquids (oil + condensate), divided approximately 1/3 onshore and 2/3 offshore.

Taranaki:

- Significant recent discoveries, with ~1/3 of ultimate reserves having come on-stream in last 4 years
- Currently producing >90 mbopd, >50% higher than the previous peak, 10 years ago
- No major company competition - largest player is OMV
- Increasing licensing and drilling activity leads to strong news-flow.





Taranaki Basin Statistics

Onshore: 19 fields, 2.2 TCF + 200 mmbo = 567 mmboe

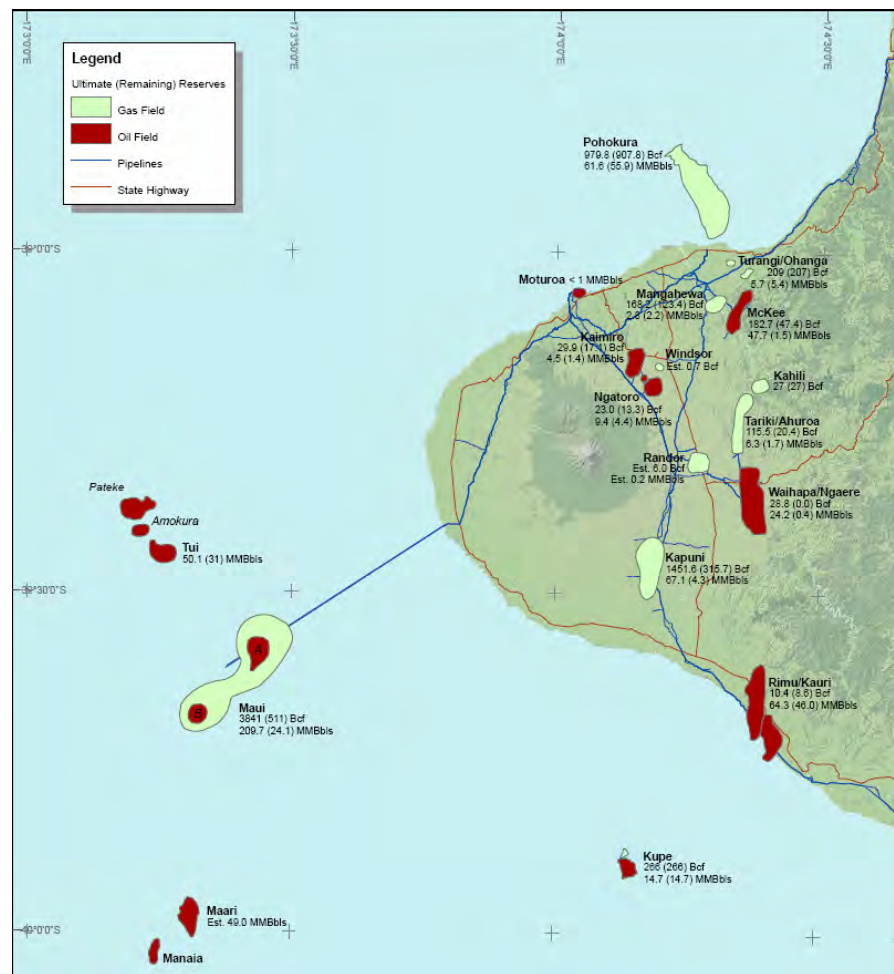
Offshore: 7 fields, 5 TCF + 400 mmbo = 1233 mmboe

**Average Field Size: Onshore 30 mmboe;
Offshore 176mmboe**

**Exploration Wells: ~ 150 wells onshore;
~70 wells offshore**

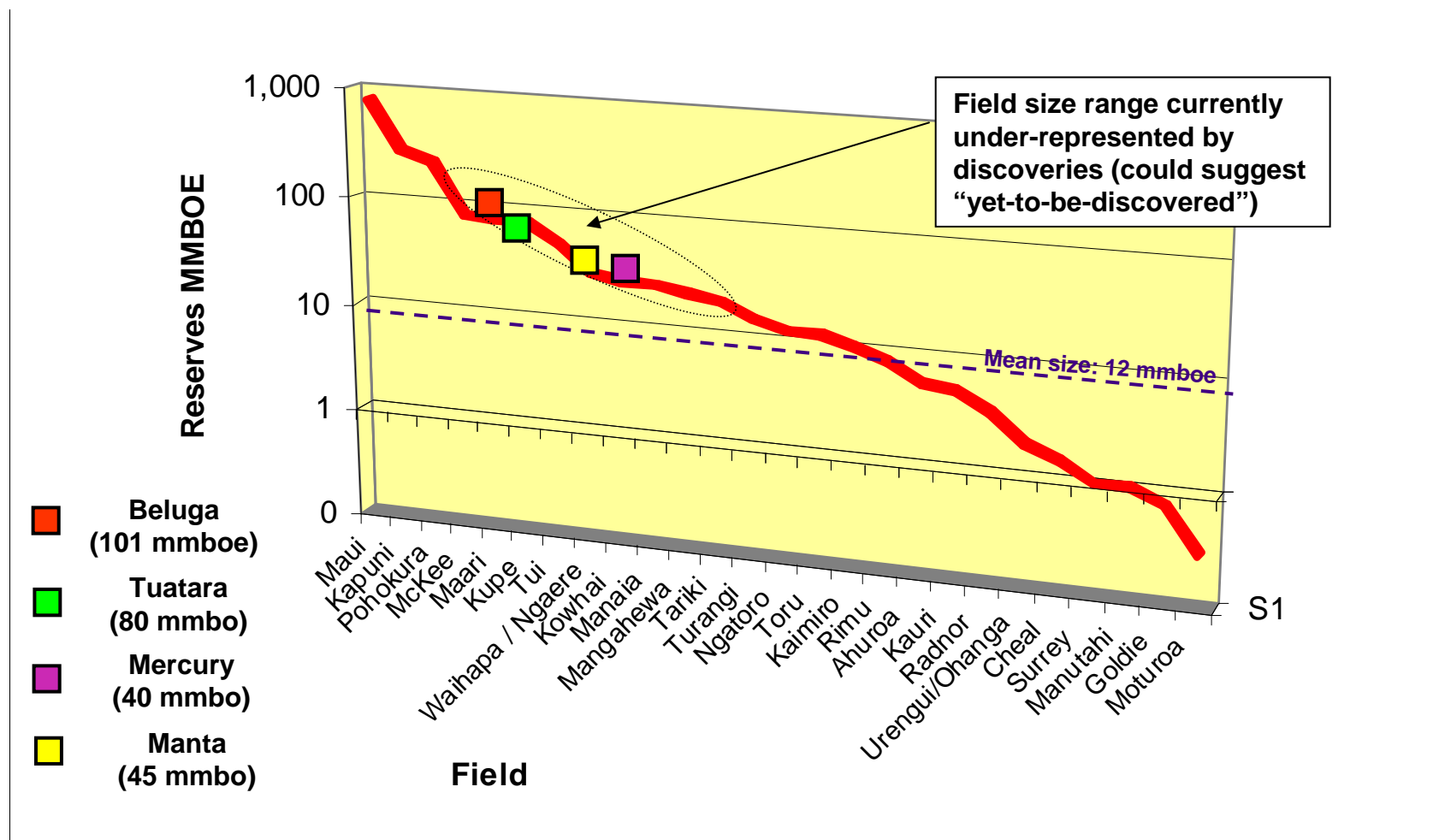
**Average well finds: 3.8 mmboe onshore;
17.6 mmboe offshore**

**Historical chance of success: 13%
onshore; 10% offshore**



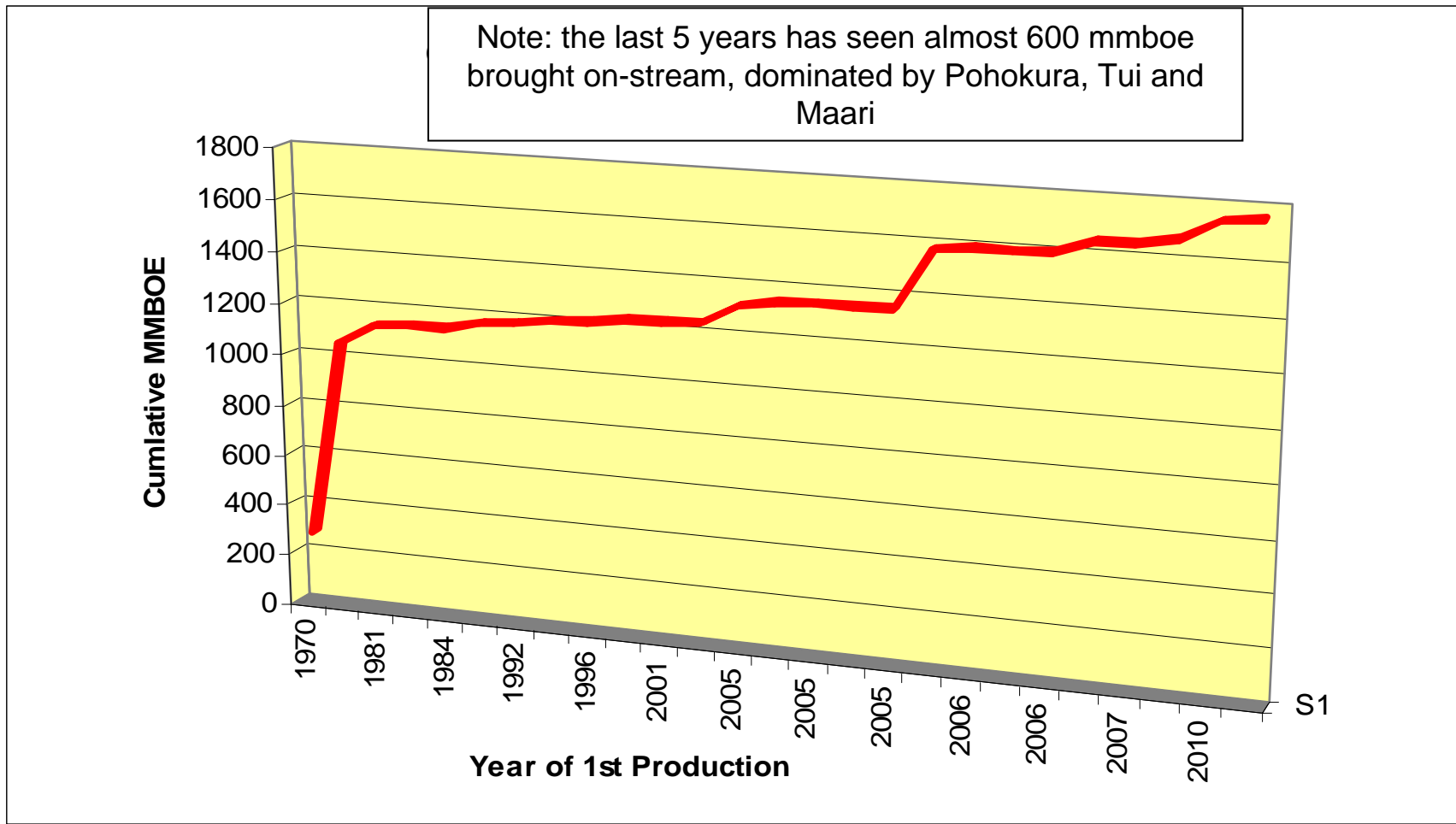


Taranaki Basin: Field size distribution



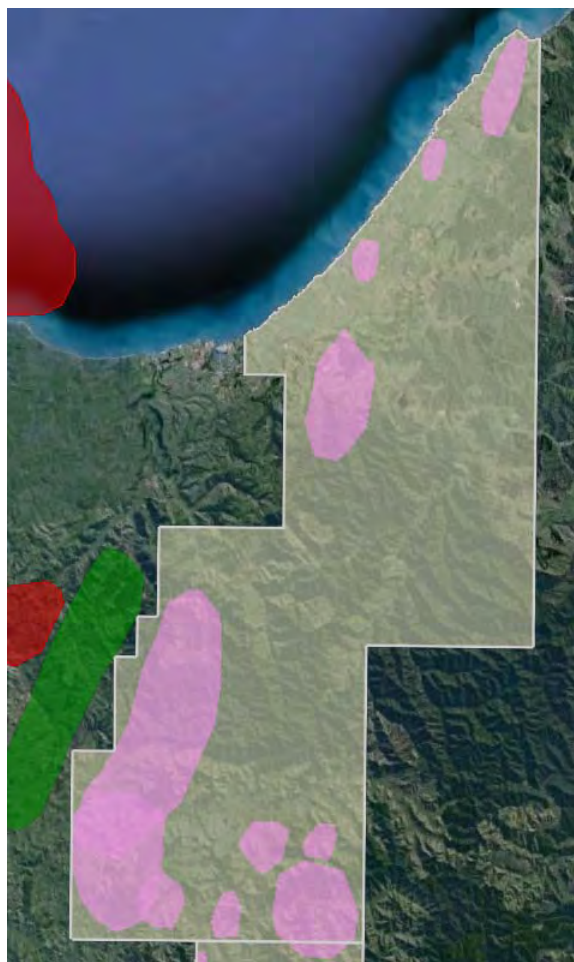


Taranaki Basin: Creaming Curve (from first production)





Geological Profile: PEP 51155



CPR: Mid Case Resources (unrisked)

NAME	DEPTH	MAIN PLAY	SECONDARY PLAY	MEDIAN SIZE GAS (BCF)	MEDIAN SIZE OIL (MMBO)	MAIN RISKS
Beluga	3600m	Tariki	Kapuni	446	27	Updip seal, Reservoir
Tuihu-2	4800m	Tariki	Mt Messenger	80	5.0	Structure
Perch	4800m	Tariki	Mt Messenger	40	2.5	Structure, Reservoir
Trout	4800m	Tariki	Mt Messenger	40	2.5	Structure, Reservoir
Angus	2600m	Moki	Mt Messenger		5.0	Reservoir
Hickman	3300m	Tikorangi	Kapuni		5.0	Structure, Reservoir
Mimi	1500m	Ferry/Moki	Mt Messenger		1.0	Structure, Charge
Waiiti	1300m	Mt Messenger	Ferry		1.0	Structure, Charge

8 Prospects:

606 BCF + 49 MMBO

= 150 MMBOE

Drilling

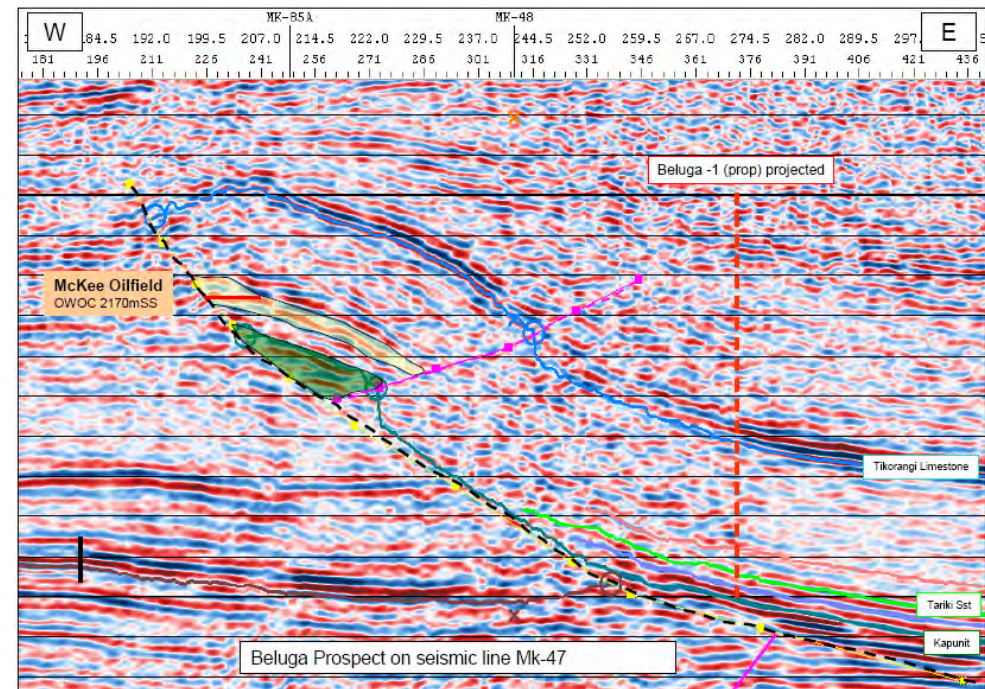
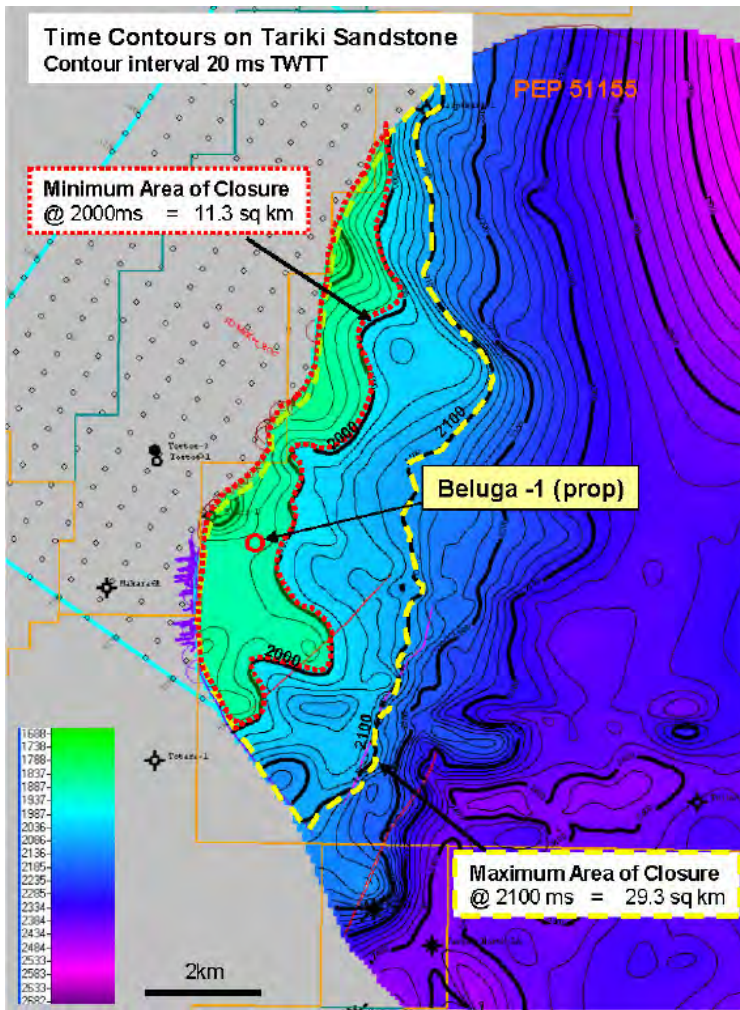
Drillable

Seismic shot



PEP 51155 – Beluga Prospect (pre-drill)

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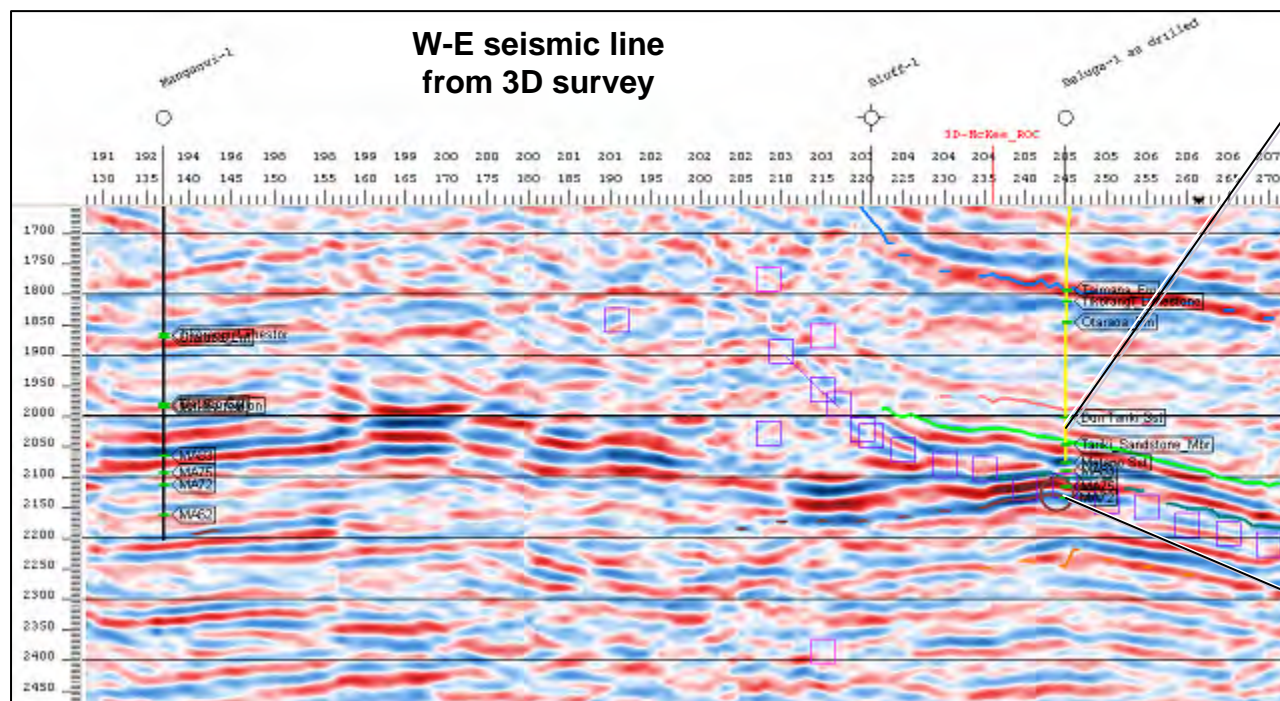
Main Prospect - Beluga :

- Tariki Sst pinch-out play, in separated thrust segment from the McKee Oil field
- CPR Mid Case resources (unrisked): 446 BCF + 27 mmbc
- Drilling costs and commerciality underpinned by \$10 mm Methanex loan and long term gas contract



Beluga-1 Update

- Thinner than expected Tariki Sands (main target), but with over-pressure and log calculated gas pay
- Good Upper Mangahewa sands (secondary target), but off-structure and wet
- Strong gas kick indicates lower fault compartment with higher pressures
- Sands below this appear partially gas saturated
- Well is being cased down to Base Tariki and suspended



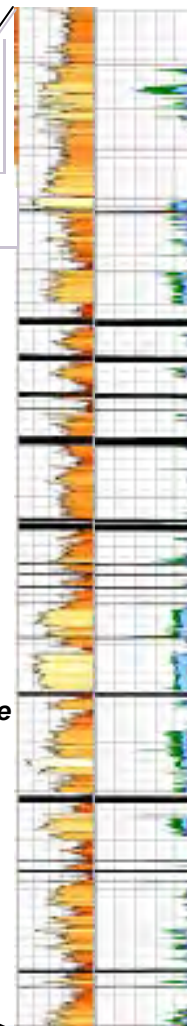
**Tariki Sands
(43m gross,
~11m net pay)**

Top Kapuni Group

**Mangahewa
Sands (wet)**

Gas kick in Fault Zone

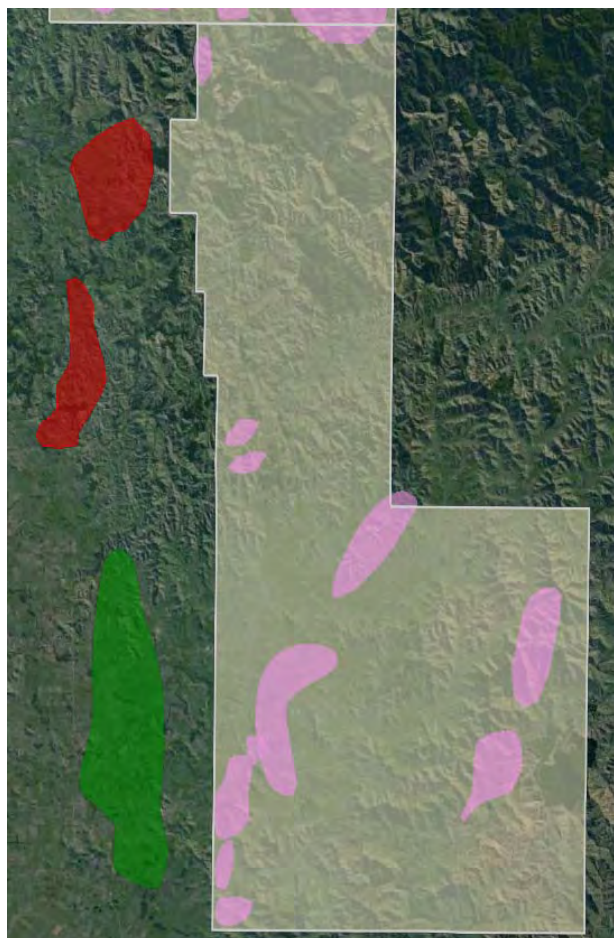
**Higher pressure
sands in
transition zone?**





Geological Profile: PEP 51153

CPR: Mid Case Resources (unrisked)



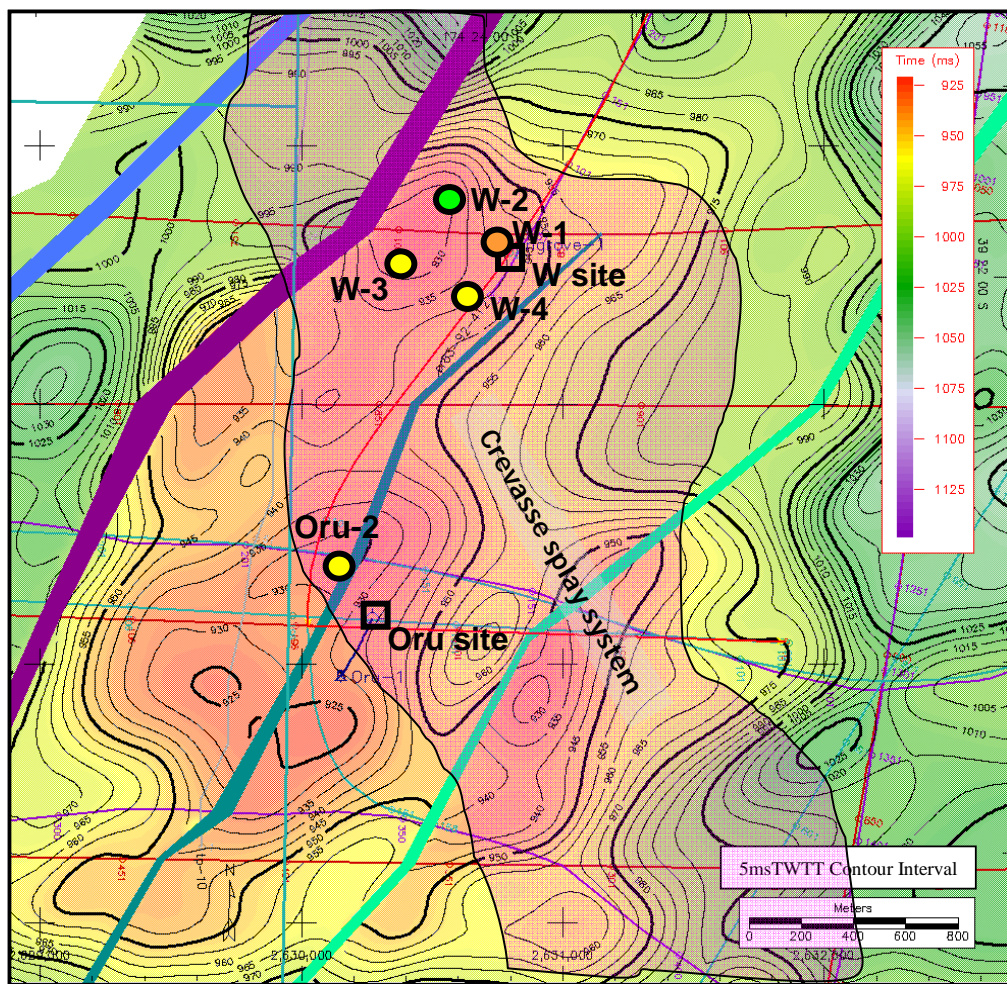
NAME	DEPTH	MAIN PLAY	SECONDARY PLAY	MEDIAN SIZE GAS (BCF)	MEDIAN SIZE OIL (MMBO)	MAIN RISKS
Huinga-2	4400m	Tariki	Kapuni Tikorangi	53	3.2	Top seal
Huinga-3	3500m	Tikorangi	Miocene Lst		2.0	Structure, frac reservoir
Wingrove-2	1500m	Mt Messenger	Urenui		1.2	Seal,
Oru-2	1600m	Mt Messenger	Urenui		1.0	Reservoir
Puka	1600m	Mt Messenger	Urenui		2.0	Reservoir
Tariki North	1600m	Mt Messenger	Urenui		2.0	Trap
Douglas	3000m	Tikorangi	Miocene Lst		5.0	Structure, frac reservoir
Gordon	1200m	Urenui	Mt Messenger		2.0	Reservoir, Charge
Kota	1400m	Mt Messenger	Urenui		2.0	Reservoir, Structure
Mangaehu	1400m	Mt Messenger strat trap	Urenui		3.0	Reservoir, trap
Stanley	1500m	Mt Messenger	Urenui		2.0	Reservoir, trap
Strathmore	1200m	Mt Messenger strat trap	Urenui		3.0	Reservoir, charge

Drilled
Drillable
Seismic shot

12 Prospects: 53 BCF + 28.4 MMBO = 37.2 MMBOE



PEP 51153 – Further Mt. Messenger Potential



- Wingrove-2 net pay sands have a calculated total productivity potential of 400 bopd
- The risked expected rate (using Stimfrac and heated tubing) is 150-200 bopd
- This should yield ~200-250 mbo

- On this basis, Wingrove-1 will be re-entered and placed on production and 2 further production wells will be drilled from the Wingrove site
- The maximum required offset will be 400 metres (similar to W-2)
- The approximate spacing will be 25 acres
- The total yield should be ~1 mmbo

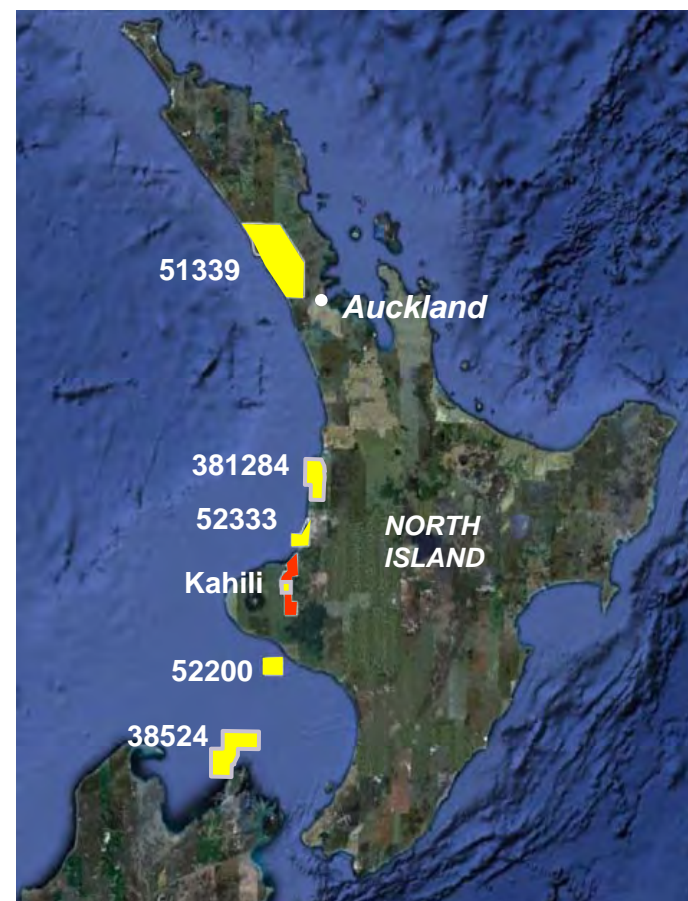
- A further exploration well will be drilled from the Oru site, which could set up several more locations on success



Geological Profile (New Areas)

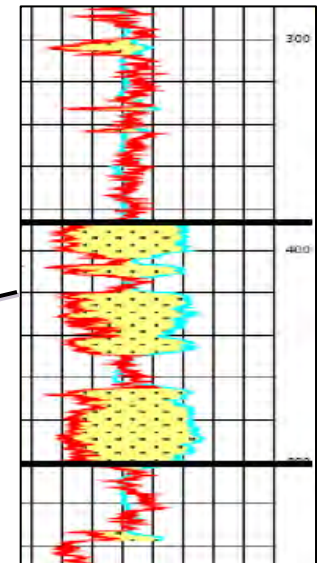
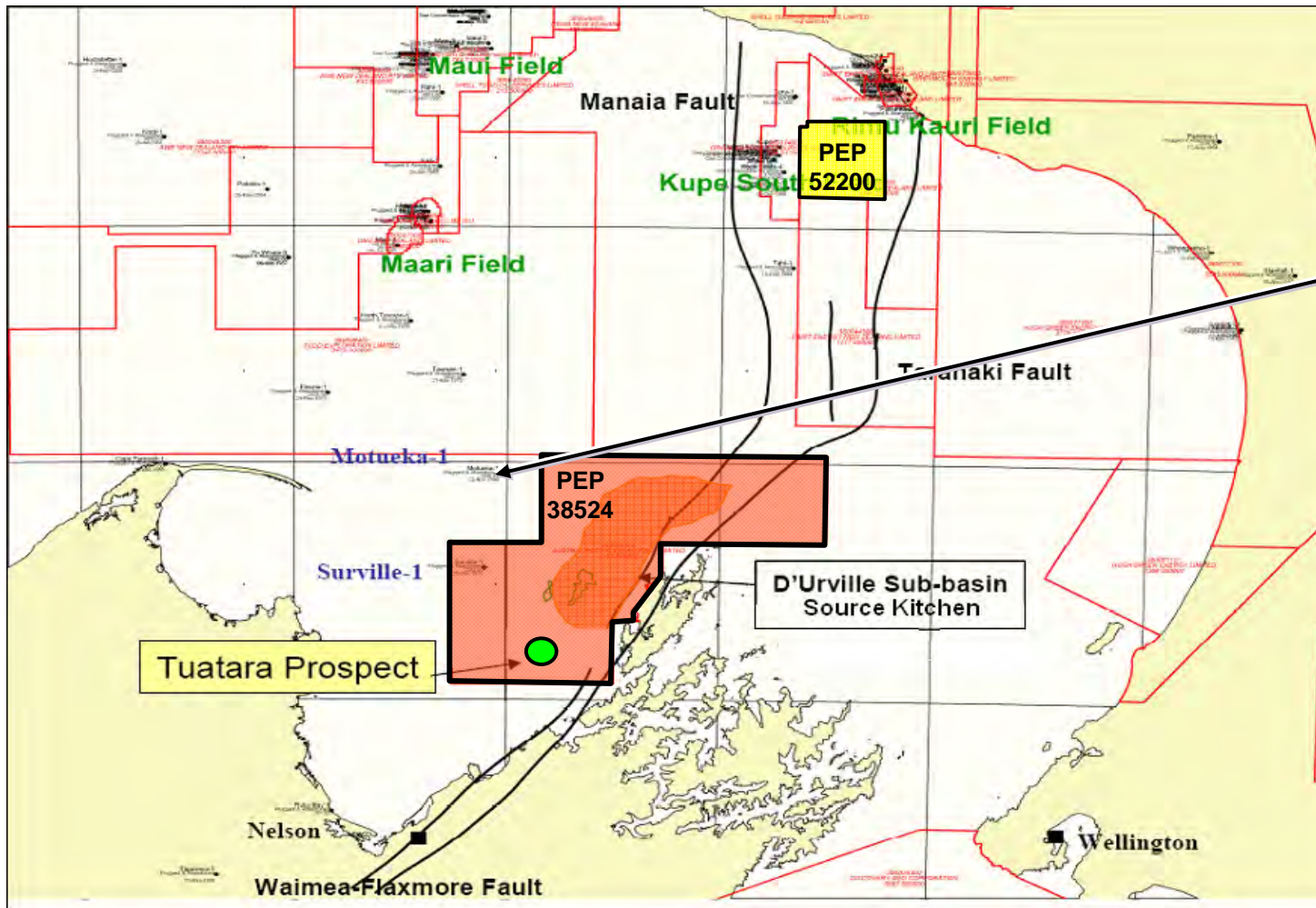
- **Northland Basin (PEP 51339)**
 - Continuation of Taranaki geology
 - Very under explored
 - Light work commitments in anticipation of increased industry activity
- **Farm-ins/Acquisitions**
 - North Taranaki Genesis deal (PEP 381284) Felix Prospect
 - South Taranaki AWE Farm-in (PEP 38524) Tuatara Prospect
- **Applications:**
 - North Taranaki Mercury prospect (APPL 52333)
 - Eastern Taranaki Kahili Block
 - South Taranaki Manta prospect (APPL 52200)

Submitted to Crown Minerals Dept in Nov/Dec and May (Kahili) with award decision anticipated end Q2 2010.





May-10 Farm-in deal with AWE: 10% of PEP 38524 (Tuatara Prospect)



Tuatara will target Moki sands: 118m gross thickness at nearby Motueka-1

Water depth: ~50m

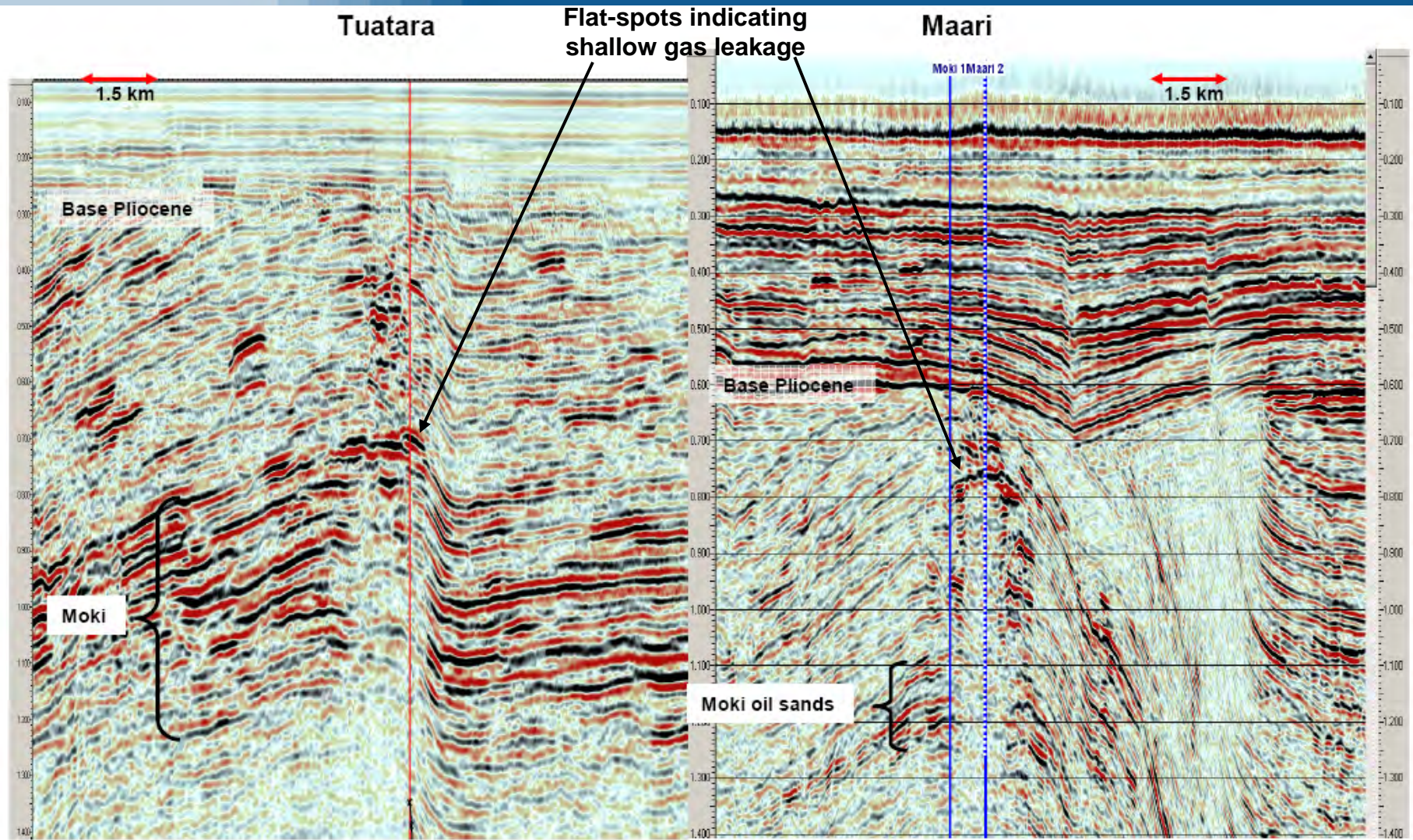
Target depth: ~1,700m

Well cost: \$16-18mm

Mid case prospective resources: 80 mmb



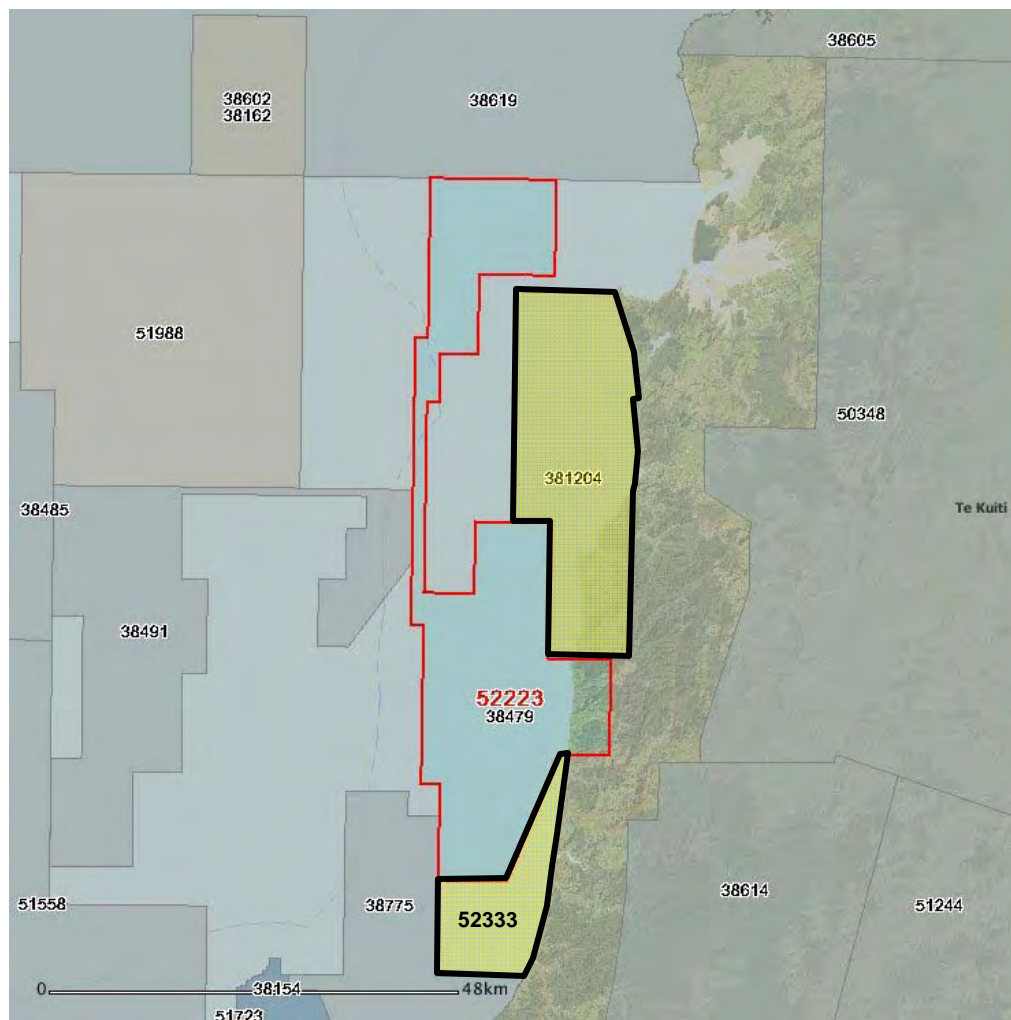
Comparison of seismic response over Tuatara and Maari





Northern Taranaki: offshore application and coast zone acquisition

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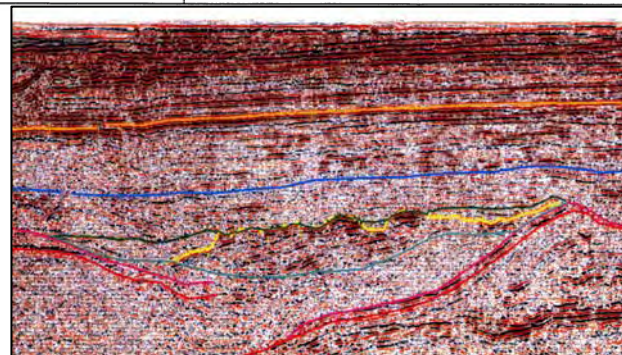
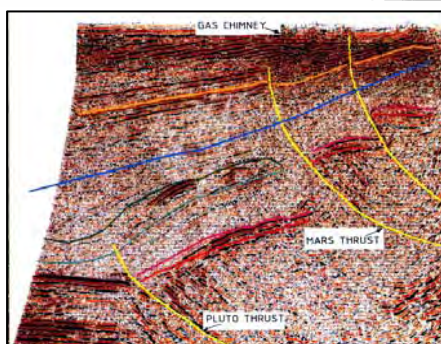
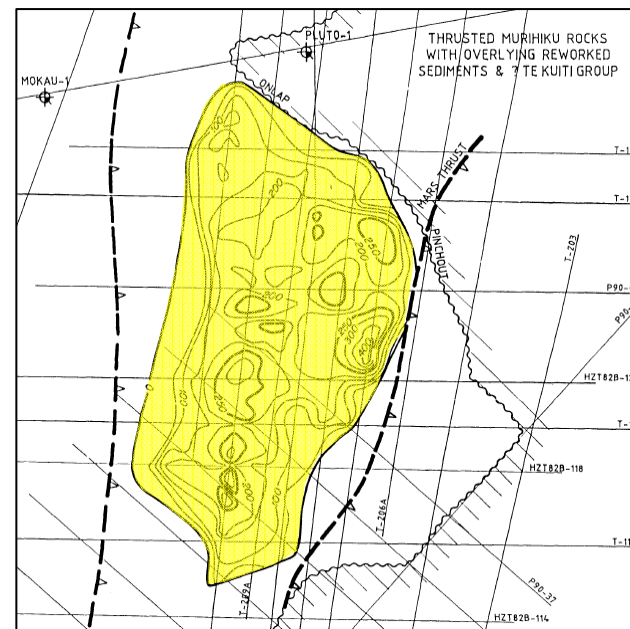
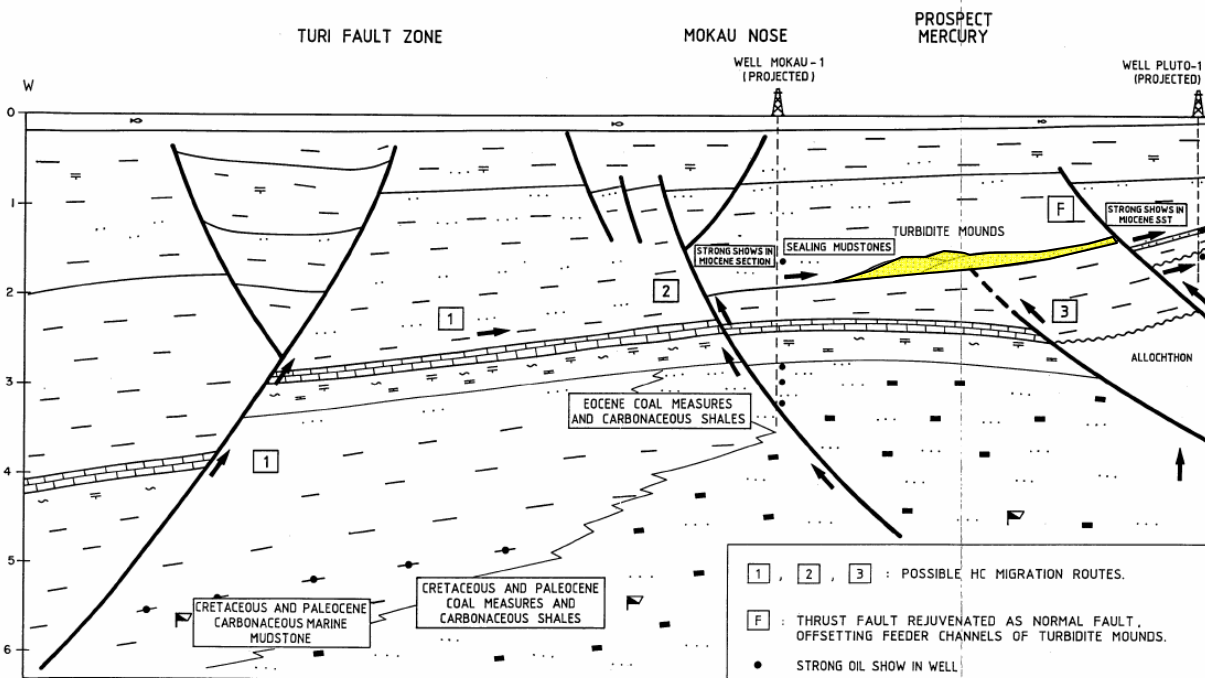
**PEP 381204: Assignment of Genesis
100% equity agreed in April, subject to
Ministry approval, Commitment to drill
Felix prospect (accessible from onshore
location) by end 2011.**

**PEP 52333 (~200 km²): Application for
block containing Mercury prospect.**

**Kea expect award by July. Commitment
is to acquire 3D seismic, followed by
optional well.**



PEP 52333 Offshore Application (Mercury)



Area of sand lobes: 20 km²
Maximum thickness: 400 metres
Median reserves 40 mmbo
Upside: >400 mmbo
Good AVO support



Expected news-flow for remainder of 2010

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- June: suspension of Beluga-1 (testing and/or appraisal to come)

 - July: Ministry decision on awards of:
 - PEP 52333 (Mercury)
 - PEP 52200 (Manta)
 - Kahili Block

 - July/August: drilling of Tuatara

 - Q4 2010: arrival of specialist equipment to allow the production testing of Wingrove-2
 - Active drilling programme expected to commence Q1 2011

 - Nov onwards:
 - New well planning for:
 - further Mt. Messenger appraisals/step-outs
 - Exploration locations matured from 2010 seismic programme
 - Potential Kahili appraisal (if awarded)
 - 3D seismic acquisition on offshore awards
-



Thank you

